



Replacement Tax Investment Credits



Write your name as shown on your return.

Write your federal employer identification number (FEIN).

Step 1: Figure your Replacement Tax Investment Credit for qualified property placed in service during the tax year.

Table with 8 columns (A-H) and 12 rows for calculation steps. Includes instructions for each step and a table for recording data.

Step 2: Figure your base employment calculation worksheet

Note: If your business is new to Illinois, check this box. You automatically qualify for the additional credit. Do not complete Lines 13 through 19. See instructions for Step 1, Line 3.

Table for base employment calculation with columns for Month, Current year, and Preceding year. Includes instructions for lines 13-19.



Form IL-477 Instructions

General Information

Fiscal year filers only: The Replacement Tax Investment Credit scheduled to expire December 31, 2008, has been extended. If you are a fiscal year filer that had qualifying property placed in service on or after January 1, 2009, and you filed a 2008 tax return but did not claim the credit on Form IL-477, you may file an amended tax return and a complete Form IL-477 in order to claim the credit.

Complete this form if you are a corporation, S corporation, partnership, trust, or exempt organization subject to replacement tax and are entitled to a replacement tax investment credit.

If you are filing an Illinois combined unitary return, complete one Form IL-477 for the entire combined group.

Note For tax years ending on or after December 31, 2000, investment credits earned by you and allocable to your partners and shareholders subject to replacement tax automatically flow through to those partners and shareholders. The amount allocable to other partners and shareholders remains with you.

How do I qualify for a credit?

You may take this credit if you

- placed qualified property in service in Illinois within the tax year,
- continue to use the qualified property on the last day of your tax year, and
- are primarily (more than 50 percent) engaged in manufacturing, mining coal or fluorite, or retailing.

This credit includes

- an amount equal to .5 percent (.005) of the basis of qualified property placed in service in Illinois during your tax year; and
- an additional credit of up to .5 percent (.005) of the basis of qualified property placed in service during your tax year, if your Illinois base employment increased over the preceding year, or if your business is new to Illinois.

Definitions “Qualified property” is property that

- is tangible;
- is depreciable according to IRC Section 167;
- has a useful life of four or more years as of the date placed in service in Illinois; and
- is acquired by purchase as defined in IRC Section 179(d).

Qualified property can be new or used but does not qualify for the Replacement Tax Investment Credit if it was previously used in Illinois in a manner that qualified for that credit or for the Enterprise Zone or River Edge Redevelopment Zone Investment Credit on Illinois Schedule 1299-A or 1299-D. Such property includes buildings, structural components of buildings, and signs that are real property. It does not include land or improvements to real property that are not a structural component of a building, such as landscaping, sewer lines, local access roads, fencing, parking lots, and other appurtenances.

Any improvement or addition made after the property is placed in service is considered to be qualified property to the extent that the improvement or addition increases the adjusted basis of the property, and otherwise meets the requirements of qualified property.

Specific Instructions

Step 1— Figure your Replacement Tax Investment Credit for qualified property placed in service during the tax year

Lines 1a through 1c — Follow the instructions for each column.

Column A — Describe each item of qualified property you placed in service in Illinois.

Column B — Write the date, including month and year, each item of qualified property was placed in service in Illinois. An item is placed in service on the earlier of

- the date the item is placed in a condition or state of readiness and availability for its specifically assigned function, or
- the date the depreciation period of the item begins. (Generally, this will be the same date the item is placed in service for purposes of the federal depreciation deduction.)

Note The date placed in service in Illinois must be written in Column B or your basis in Column G will be reduced to zero.

Column C — If you are using the modified accelerated cost recovery system, (MACRS) to depreciate the property, write the MACRS class assigned to each item of qualified property. Property assigned to a MACRS class of less than four years is not qualified property.

If you are not using the MACRS method to depreciate the property, write the useful life assigned to the property for federal depreciation purposes. The useful life of the property, when placed in service, must be four or more years to qualify.

Column D — Indicate whether each item of qualified property is new or used. If the property was previously used, write the abbreviation of the state where the property was located.

Column E — Indicate your primary business activity. Write the corresponding number of the following functions on the line: 1) retailing; 2) manufacturing; 3) coal mining; or 4) fluorite mining.

Column F — Write the municipality or county, if the area is unincorporated, where each item of qualified property was used.

Column G — For each item of property, write the basis used to figure the depreciation deduction for federal income tax purposes. Generally, the adjusted basis will be the purchase price of the property, plus any capital expenditures, less any rebates.

Column H — Multiply each entry by .5 percent (.005) and write the result.

Line 2 — Write the total of Column G and the total of Column H.

Line 3 — If your business is new to Illinois, write the amount from, Line 2, Column H, and check the box above Line 13. **Do not** complete Lines 13 through 19.

If your business **is not new** to Illinois and your base employment

- did not increase over the preceding year, write "0" and continue to Line 4; or
- increased from the preceding year, complete Step 2 before making an entry.

Line 4 — Write the distributive share of replacement tax investment credit distributed from partnerships and S corporations.

Note → **Complete Line 4 only if you are a partnership or S corporation. All other corporations and trusts write zero.**

Line 6 — To figure the percentage of total ownership in the partnership or S corporation attributable to partners or shareholders subject to replacement tax divide the amount on [Form IL-1065 or IL-1120-ST, Schedule B, Line 7](#), by the total of the amount from [Schedule B, Line 7](#), plus your base income from [Form IL-1065 or IL-1120-ST, Line 36](#). Multiply this fraction by the amount on this Form IL-477, Line 5, and write the result on Line 6.

Line 8 — Write the amount of credit carryforward from your prior year Form IL-477. Do not include any excess credit earned prior to December 31, 2003.

Line 10 — Write the total replacement tax (after recapture of the replacement tax investment credit) from your

- [Form IL-1120, Line 44](#)
- [Form IL-1041, Line 37](#)
- [Form IL-1120-ST, Line 55](#)
- [Form IL-990-T, Line 15](#)
- [Form IL-1065, Line 58](#)

Line 11 — Write the lesser of Line 9 or Line 10 here and on your

- [Form IL-1120, Line 45](#)
- [Form IL-1041, Line 38](#)
- [Form IL-1120-ST, Line 56](#)
- [Form IL-990-T, Line 16](#)
- [Form IL-1065, Line 59](#)

Line 12 — Subtract Line 11 from Line 9. This is the amount of excess credit available to be carried forward five years.

Step 2 — Figure your base employment calculation worksheet

Lines 13 through 19 — Follow the instructions on the form.